FAIRFAX COUNTY DEPARTMENT OF MANAGEMENT AND BUDGET

News Release

www.fairfaxcounty.gov/dmb

February 28, 2005

County Executive Proposes $3.0 Billion Budget for Fiscal Year 2006

School Funding Increased $112.72 Million

Fairfax County Executive Anthony H. Griffin has proposed a General Fund budget of $3,004,161,761 for Fiscal Year 2006 (July 1, 2005 through June 30, 2006), an increase of 6.93 percent over the *FY 2005 Revised Budget Plan*. The total of all Appropriated Funds is $5.06 billion.

Griffin proposes to increase the County's Operating Transfer to the Fairfax County Public Schools (FCPS) by 8.24 percent to $1,431,337,820, an increase of $108.96 million over the FY 2005 level. In addition, the County's Transfer for School Debt Service is $130,281,443, an increase of $3.75 million or 2.97 percent over the *FY 2005 Revised Budget Plan*. The combined transfer for School Operating and Debt service is $1.56 billion, which represents 52.0 percent of total County General Fund Disbursements.

In presenting his budget, Griffin noted that "The FY 2006 Advertised Budget Plan represents our collective commitment to preserve the high quality of life and exceptional services that residents have come to expect, while recognizing the essential challenge of weighing these services against taxpayers' ability to pay for them."

For the fifth consecutive year, average residential real estate assessments have increased by double-digits. This is consistent with the experience of other jurisdictions in the Metropolitan Washington area where most have seen average increases of over 20 percent. In Fairfax County, residential equalization (the reassessment of existing housing) is increasing 23.09 percent. In the past several years, this growth in the residential tax base has provided the primary, and many times, the only source of funding for increasing County service requirements. Also worth noting is the significant increase in nonresidential equalization, which was negative as recently as FY 2004 due to vacancies associated with the recession, but which has rebounded with an increase of 12.74 percent for FY 2006. This is important because it may represent the beginnings of a shift, however slight, in the burden shouldered predominantly by the residential taxpayer over the past few years.

-more-

Based on market factors as well as strong job growth, housing prices in Fairfax County continue to increase, reinforcing the belief that homeownership is indeed a good investment. It is noteworthy that for FY 2006, for every $1 in new taxes average homeowners will pay, they will have gained $167 in additional equity based on the value of their homes. The continuing trend of strong home sales in the County reflects the high quality of life afforded to residents and businesses. Reasons for relocating to Fairfax County consistently include the preeminent labor force, excellent schools, safe communities, and a broad range of cultural and recreational opportunities, supported by a government that is responsive to the needs of its residents.

Nevertheless, while recognizing the high quality of life afforded to residents of Fairfax County, County Executive Anthony H. Griffin noted it is critical that services be provided cost-effectively and that the real estate tax rate be reduced to help offset the significant assessment increases of the past few years. Consequently, the budget proposed by the County Executive includes a significant cut of 10 cents in the real estate tax rate, which reduces the rate from $1.13 to $1.03 per $100 of assessed value and results in a savings of $445 to the typical homeowner compared to what would be paid under the $1.13 rate. With this cut, the total tax rate reduction since FY 2002 is 20 cents or approximately $1,531 in annual savings for residential taxpayers.

However, accompanying Griffin's recommendation for a tax rate reduction was a note of caution to the Board of Supervisors against moving too quickly to cut the rate significantly beyond his proposal. When the bottom dropped out of the real estate market in 1992, there were severe repercussions for local governments for many years. During the boom of the late 1980s into the early 1990s, rapidly rising assessments led the Board of Supervisors to cut the tax rate 11 cents from FY 1989 to FY 1990 and another 8 cents from FY 1990 to FY 1991. Shortly thereafter, both residential and non-residential property values declined drastically, leaving the County with <u>negative</u> revenue growth that required draconian budget cuts and a significant increase in the real estate tax rate. It took many years and considerable self-discipline to bring the County's structural deficit under control after those events. While the same market forces and economic factors that drove the real estate downturn of the early 1990s are not present in the current local and national economies, there are some signs that the housing market may be somewhat overpriced and at a minimum, future growth will adjust downward. In addition, Griffin cited events in recent years that reinforce the need for the County to maintain the resources necessary to respond to both the service requirements and economic fall-out that could result from a catastrophic event such as a natural disaster.

In his budget message, the County Executive noted, "Our current situation does, however, provide us the opportunity to begin to address some important, long-term issues that will have an impact for generations to come." He noted that it is critical for the County to address the environmental and public safety requirements associated with its stormwater system. Very limited funding has been available over the last several years to deal with only the most critical stormwater management projects. However, the cost of required improvements -- those to address public safety, preserve home values and protect the environment – total hundreds of millions of dollars.

-more-

In lieu of creating a stormwater utility tax, Griffin recommended the annual allocation of $17.9 million in General Fund monies, the equivalent of one penny on the real estate rate, to begin a dedicated funding source for these essential projects. In addition to being easier and timelier than a utility fee to implement, this approach will be more efficient as it is less administratively burdensome, enabling more funding to be spent directly on projects. This allocation of $17.9 million is in addition to $2.74 million in ongoing funding for emergency watershed improvements, Kingstowne environmental monitoring, dam repairs and the requirements associated with the Municipal Separate Storm Sewer System (MS4) permit.

In addition, the Board of Supervisors recently accepted a report from the Affordable Housing Preservation Action Committee that called for the dedication of one penny of the real estate tax rate to help keep 1,000 units of housing at affordable rental rates. As noted by the report, the County must act now to maintain affordable housing in a market driven by rising demand and dwindling supply. Since 1997, the County has lost 1,300 affordable units that have been converted into luxury condominiums or market-rate apartments. In his budget message, the County Executive noted that although the work of the committee concluded too late to be included in his advertised budget for FY 2006, he supports using such a dedicated funding source as a meaningful investment toward stemming the ongoing loss of affordable housing in Fairfax County and recommended that the Board of Supervisors consider it during their budget deliberations.

HIGHLIGHTS OF THE FY 2006 ADVERTISED BUDGET

The following information is a summary of portions of the FY 2006 Advertised Budget Plan. You are encouraged to consult the County Executive Summary and Budget Highlights in the Overview Volume as well as the other FY 2006 budget volumes for further details.

FY 2006 REVENUE:

FY 2006 General Fund revenues total $3.02 billion, an 8.9 percent increase over FY 2005. Based on the proposed tax rate reduction of 10 cents, real estate tax receipts are anticipated to increase 12.5 percent over last year and represent 60.6 percent of total revenue. All other categories of revenue combined are forecasted to increase a moderate, but solid 3.7 percent over FY 2005 levels. This is encouraging because it indicates a rebound in categories such as sales tax and interest on investment. In previous years, real property tax revenue growth represented the only meaningful increase in the County's revenues. In FY 2006, Other Local Taxes, which includes sales tax, account for an increase of $14.8 million or 6.0 percent of the total increase, while Personal Property Taxes are projected to increase $10.0 million or 2.2 percent over the *FY 2005 Revised Budget Plan*. From June 2004 through February 2005, the Federal Reserve raised the federal funds rate by 150 basis points to 2.50 percent, which affects the interest rate the County earns on its investments, resulting in a projected increase of $7.1 million or 27.2 percent over the FY 2005 level.

-more-

The increase in residential assessments continues to be the focal point of County revenue growth. The FY 2006 Real Estate estimate is based on a 23.49 percent increase in the FY 2006 valuation of real property, reflecting a 20.80 percent increase in equalization and a 2.69 percent increase due to new construction. Not surprisingly, residential equalization contributes the largest component. Increased demand and a supply that cannot keep pace are driving up home prices. Low mortgage rates also continue to fuel sales. These trends remained strong over the past year and as a result, the County's residential equalization increased 23.09 percent in 2006. All categories of residential property experienced double-digit increases in value for FY 2006. Since FY 2000, average house values have more than doubled, growing 127 percent from $195,713 to $444,766 in FY 2006. A series of tax rate reductions in the last four years have offset a portion of this increase.

The FY 2006 increase in the non-residential real estate tax base reflects an increase of 12.74 percent in equalization, up significantly from the FY 2005 increase of 3.74 percent and a turnaround from the FY 2004 loss of 2.94 percent. Leasing of office space was at near record levels in 2004 and the County's overall office vacancy rate declined from 11.2 percent at year-end 2003 to 9.7 percent by mid-year 2004. However, because of the substantially higher increase in residential equalization, the overall Commercial/Industrial percentage of the County's real estate tax base is 17.36 percent in FY 2006, down from 18.20 percent in FY 2005 and considerably lower than the Board of Supervisors' goal of 25 percent.

FY 2006 GENERAL FUND DIRECT EXPENDITURES:

FY 2006 direct expenditures total $1,076,874,724, an increase of $25,663,756 million or 2.44 percent over the *FY 2005 Revised Budget Plan*. This category, which contains traditional municipal services such as police, fire and EMS, libraries, etc., has been severely constrained in recent years, forcing the County to absorb significant budget cuts through program reductions, which result in lower levels of service.

Fairfax County has also taken significant steps to become even more efficient. A measure of the efficiency with which the County provides services is the number of staff required to meet service demands resulting from increases in the County's population as well as changing requirements such as mandates, shifting demographics and other influences. As a result of process redesign, enhanced technology and strategic prioritization of resources, Fairfax County has successfully reduced the number of positions per 1,000 citizens from 13.57 in FY 1992 to 11.10 for FY 2006, a decrease of 18.2 percent. This represents significantly improved productivity because in that same period, over 150 facilities have been added or expanded to meet community needs. These include fire and police stations, libraries, recreation centers, school age childcare centers and senior centers, among others. The budget proposed by the County Executive includes a total of 166 new positions for FY 2006, 127 of which are associated with new facilities and public safety, while 39 are targeted to address workload-related needs.

-more-

EXPENDITURE HIGHLIGHTS

The County Executive's proposed budget for FY 2006 strengthens the linkage between strategic priorities and spending decisions. In determining how to allocate available resources for FY 2006, Griffin relied on the Board of Supervisors' priorities identified during their strategic planning retreat in February 2004 (see below). In addition, his recommendations are also based on supporting the County's seven vision elements shown below. The following sections show major funding initiatives listed by Board priority and/or County vision element.

Board Priorities		Countywide Vision Elements
Strong investment in education Public safety and gang prevention	⇨	1. Maintaining safe and caring communities
Affordable housing	⇨	2. Building livable spaces
Environmental protection	⇨	3.Practicing environmental stewardship
Transportation improvements	⇨	4. Connecting people and places
		5. Creating a culture of engagement
		6. Maintaining healthy economies
Revenue diversification to reduce the burden on homeowners	⇨	7. Exercising corporate stewardship

Strong Investment in Education

As always, the greatest share of the budget is dedicated to Fairfax County Public Schools (FCPS). The proposed FY 2006 operating transfer to FCPS reflects an increase of $108.96 million or 8.24 percent. However, the School Board's proposed budget includes an increase in the General Fund transfer of $121.52 million or 9.19 percent. Fully funding this request will require an additional $12.6 million. When compared to most other school systems in Virginia, Fairfax County funds a much larger portion of its school budget with local funds. The average school division in Virginia receives approximately half of its financial support from its local government, while local funding comprises three-fourths of FCPS' budget.

In addition to the operating transfer of $1,431.34 million, an additional $130.28 million is included for School Debt Service to fund school construction. This combined transfer represents 52 percent of total General Fund Disbursements. Although General Fund revenue is increasing by 8.89 percent, the percent increase for the operating transfer to FCPS is slightly less to reflect the Schools sharing in the $0.10 reduction in the real estate tax rate as well as the designated funding for priority stormwater projects.

-more-

Beyond the $1.56 billion in County transfers to FCPS, Fairfax County provides additional support totaling $50.9 million for public school nurses, clinic room aides, school crossing guards, Police resource officers, School Age Child Care (SACC) program, Head Start, Comprehensive Services Act (CSA) programs, among others.

The following are various initiatives that the County Executive proposed for funding in FY 2006. They are listed by the Board priority and/or County vision element that they support.

Public Safety and Gang Prevention/Maintaining Safe and Caring Communities:

- $3.5 million for 36 positions and the start-up costs for the Crosspointe Fire Station scheduled to open in May 2006 to provide much-needed response capability in this area of the County;

- $3.3 million for continuation of the phase-in of the Fire and Rescue Department's Advanced Life Support Plan with a total of 35 positions in order to provide the necessary command and oversight infrastructure as well as a sufficient number of certified personnel to meet service demands on each shift daily and avoid excessive overtime that drives up costs and results in employee burn-out;

- $1.8 million for 12 additional Police positions including 8 for Patrol and 4 for the Gang Investigations Unit to address the needs associated with a growing population including the emerging gang threat;

- $3.2 million to support a restructuring of the Public Safety Communications Center and provision of 11 additional staff to strengthen the organization, as well as convert first-responder positions to the Uniformed Retirement System in order to attract and retain highly qualified staff;

- A significant investment of $15 million in FY 2006 to complete funding for the Public Safety Transportation Operations Center (PSTOC) in order to provide a state-of-the-art public safety communications center and emergency operations center. By the time this facility is completed, the current center at the former Pine Ridge Elementary School will be over 20-years-old and will not be adequate to address the 21st century needs of over 1 million residents. The total cost of the PSTOC including construction, equipment, information technology, furnishings, etc. is projected to be $102.5 million. Funding for this facility has been identified over several quarterly reviews as one-time balances became available. A total of $57.5 million has been appropriated to date. The FY 2006 allocation, along with funding of $30 million to be earmarked as part of the *FY 2005 Third Quarter Review*, will completely fund this facility which is scheduled to open in November 2007.

- $1.1 million to open the second half of a floor of the Adult Detention Center to accommodate the growing number of inmates, which will require 11 additional positions;

- $10.5 million including fringe benefits for a 3.07 percent Market Rate Adjustment for all uniformed public safety personnel as well as $2.5 million for merit increments and $11.2 million for an across-the-board salary adjustment of 4 percent for sworn Police and Fire and Rescue personnel based on compensation comparability with neighboring jurisdictions' employees;

-more-

- $2.4 million to adjust shift differential rates and holiday pay to be more comparable to surrounding jurisdictions to enhance recruitment and retention;

- $1.0 million to fund an increase of an additional hour of guaranteed court overtime from two to three hours since police officers have increased travel time for mandatory court attendance, particularly during rush hour;

- $0.4 million for a total of six staff including four Public Health Nurses and two Clinic Room Aides to staff the new South County Secondary School scheduled to open in September 2005 as well as improve the ratio of school nurses to students;

- $0.2 million to support the opening of the Little River Glen Adult Day Health Care Center with 9 new positions to serve an additional 35 senior citizens daily to promote the health and independence of frail elderly and adults with disabilities as an alternative to more costly nursing home placement, as well as provide a respite for family caregivers;

- $0.1 million for a Case Manager position to address the increased case management workload associated with the June 2005 special education graduates;

- $0.1 million for a Security Analyst and associated operating expenses in the Office of Emergency Management to provide a position to manage the County's emergency training/exercise program; and

- $0.06 million for a Probation Counselor for the General District Court's Case Management Unit to address an increased workload of providing investigative information on incarcerated defendants to judges and magistrates to assist them with release decisions; providing pretrial community supervision to defendants awaiting trial; and supervising probation for convicted misdemeanants and convicted non-violent felons.

Affordable Housing/Building Livable Spaces:

- $2.0 million in seed money for the Housing Assistance Program to provide additional affordable/workforce housing (as noted previously, County Executive remarked that the Board may wish to consider additional resources for this strategic priority based on the recommendations of the Affordable Housing Preservation Action Committee);

- $5.6 million for asbestos mitigation and site stabilization at Laurel Hill, the former Lorton Penitentiary and Reformatory property on 2,340 acres of land that was transferred to the County from the federal government in early 2002;

- $2.0 million for the renovation and expansion of the Mott Community Center based on changing demographics of the community and increased programming needs, as well as the anticipated development of the adjacent Popes Head Park site;

-more-

- $0.2 million in increased County funding for maintenance contract support for the Commercial Revitalization Program in four major revitalization areas – Annandale, Baileys Crossroads, Springfield and the Route 1 Corridor to enhance the appearance and ensure the vitality of these aging business districts; and

- Net funding of $0.02 million for two Engineer positions to assist with construction administration at the West Ox Road Complex as well as numerous projects included in the Fall 2004 Bond Referenda approved by voters on November 2, 2004.

Environmental Protection/Practicing Environmental Stewardship:

- $17.9 million and three positions to address a backlog of stormwater management projects to be funded through the investment of the equivalent of one penny on the real estate tax of General Fund revenue annually instead of a more administratively-intensive utility tax in order to address public safety, preserve home values and protect the environment including the Chesapeake Bay as well as local waterways; and

- $3.0 million to fund an increase in General Fund support for County Transit Systems to enable mass transit service enhancements as well as the continuing conversion of the Reston-Herndon Division of the FAIRFAX CONNECTOR to ultra-low sulfur diesel (ULSD) fuel as part of the County's initiative to retrofit the entire CONNECTOR fleet with Green Diesel technology that has been shown to reduce harmful emissions by as much as 90 percent below current levels.

Transportation Improvements/Connecting People and Places:

- An increase of $4.1 million in the General Fund transfer to support Metrorail, Metrobus and MetroAccess (paratransit) service as well as contribute to construction costs associated with the 103-mile Metrorail system and the repair, maintenance, rehabilitation and replacement of capital equipment and facilities;

- Additional service hours in the Huntington Division of the FAIRFAX CONNECTOR to address ridership increases and annualize service enhancements begun in late September 2004 as part of a larger public transportation initiative in the South County area, as well as increased service in the Reston-Herndon Division pending receipt of additional Dulles Corridor Rapid Transit funds (funding is included in $3.0 million identified above for County Transit Systems);

- $0.4 million to fund five positions in the Department of Transportation to address substantial workload-related issues such as traffic calming, pedestrian safety, Residential Traffic Administration (RTAP) Programs, traffic operations activities, bus stop safety study, Metrobus Service and Operations Planning, the Tyson's Area Transportation and Land Use Study, and work on the Laurel Hill Plan Update;

- $0.1 million to provide support for the Dulles Rail project including a Planner position in the Department of Planning and Zoning to address issues associated with the extension of Metrorail service that will provide much-needed mass transit to the rapidly growing section of the County from Tysons Corner to Loudoun County; and

-more-

- Five mechanic positions in order to address workload issues associated with the increase in the number of school buses in the fleet to ensure that students are transported safely and efficiently to school each day. The costs associated with these positions will be recovered as a result of savings in overtime and contracted services.

Creating a Culture of Engagement:

- $0.3 million to provide an increase of 4.6 percent for the Consolidated Community Funding Pool to leverage resources of nonprofit organizations in order to meet community challenges; and

- $0.3 million for five positions for the Department of Community and Recreation Services as well as one-time start-up costs to prepare the Southgate Community Center, the center for regional services in the North County region, including areas in the Hunter Mill, Dranesville and Sully districts that is estimated to serve 19,000 attendees per year when it opens in early FY 2007.

Maintaining Healthy Economies:

- $1.2 million and 14 positions in Land Development Services to address longer plan review times, increased inspection requirements associated with more stringent environmental standards and increased workload due to greater volume and complexity of development such as an increase in revitalization and single lot (infill) projects. It should be noted that Land Development Services fees are also proposed to increase in order to recover approximately 90 percent of program costs (see below).

- $0.1 million to support a Planner position in the Department of Planning and Zoning (DPZ) to review an anticipated increase in the number of special permit applications for the Board of Zoning Appeals; and

- $0.1 million to fund an Economic Development Authority (EDA) representative in California to promote Fairfax County as a business location in order to generate new jobs and capital investment.

Revenue Diversification/Exercising Corporate Stewardship:

- Increase Land Development Services fees in order to recover approximately 90 percent of program costs. These fees have not been increased since FY 1996, resulting in a current cost recovery rate of approximately 75 percent, below the Board's 90 percent target. These fee increases will generate an additional $4.2 million in General Fund Revenue and will also offset the cost of the 14 positions necessary to address the growing and increasingly more complex workload associated with development.

- Increase fees for all zoning applications as well as appeals and zoning compliance letters by up to 55 percent, which would be more comparable to the fees charged by similar local jurisdictions and generate approximately $0.7 million in additional revenue each year. Current zoning fees cover only about a third of the costs incurred by DPZ staff involved in the processing of zoning applications (rezonings, special exceptions, special permits, variances, and amendments), appeals, and zoning compliance letters. A fee increase will allow DPZ to recover approximately 50 percent of costs related to processing zoning applications.

-more-

- Increase the E-911 fee to the State maximum charge of $3.00 per line per month from the current $2.50 rate. This change would be effective September 1, 2005 based on notification requirements, and in combination with the trend of a declining number of eligible phone lines, would result in FY 2006 revenue of $19.9 million. Despite the revenue increase, the General Fund Transfer to support the Public Safety Communications Center will also increase from $9.8 million in FY 2005 to $13.5 million in FY 2006 based on program requirements. To fully recover all allowable expenses without General Fund support would require an E-911 monthly charge per line of $4.95.

- Provide $9.8 million to continue to support the Pay for Performance program for all non-public safety employees in order to link salary increases to performance;

- Provide $0.2 million for three civilian positions in the Police Department for financial, grants and Web site administration due to growth in the size of Police Department's sworn force, in order to ensure proper accountability for public resources, maximize non-County funding and address the workload increase in these technical functions;

- Provide $0.2 million for three positions in the Facilities Management Department to address growing maintenance needs of County facilities due to the increase in the number of facilities as well as square footage;

- Provide $0.35 million for the employer contribution and $0.1 million in non-General Fund monies for a position to introduce a Deferred Retirement Option Plan (DROP) for non-public safety employees in order to retain trained and experienced employees for a maximum of three years past their regular retirement date and provide a Retirement Counselor to manage this program; and

- Provide $7.7 million for a more systematic Capital Renewal Program to ensure that facilities continue to operate efficiently and meet their functional requirements. While the Capital Program has predominantly focused on new facilities – between 1984 and 2004, square footage grew from 2.5 million square feet to 7.3 million square feet – many of these facilities are now approaching the critical investment cycle where it is more economical to implement a planned system of replacement/renewal than address major breakdowns as emergencies. Consequently, this budget includes the creation of Fund 317, Capital Renewal, to address these needs. It will be funded with a combination of General Fund monies and General Obligation Bonds approved by voters in a referendum. The first such referenda were approved this past fall when voters overwhelmingly approved the Public Library Facilities Bond as well as the Human Services Facilities Bond, both of which contained $2.5 million for capital renewal.

-more-

TAX RATES AND FEES

As part of an ongoing effort to diversify the revenue base and reduce the real estate tax burden on homeowners, the County continues to review fees and other revenue sources to identify appropriate adjustments. Several were noted above under the Board's priority of Revenue Diversification and the County vision element of Exercising Corporate Stewardship. Others are discussed below.

Tax Relief Program
The FY 2006 Advertised Budget Plan maintains the current Tax Relief Program with the maximum level of assets allowed for Real Estate Tax relief eligibility at $240,000. Income limits remain at 100 percent exemption for elderly and disabled taxpayers with incomes up to $40,000; 50 percent for eligible applicants with income between $40,001 and $46,000; and 25 percent if income is between $46,001 and $52,000.

Real Estate Tax Rate Reduction
The FY 2006 Advertised Budget Plan includes a proposal to reduce the real estate tax rate from $1.13 per $100 assessed value to $1.03 per $100 assessed value. This results in a savings of $445 to the typical homeowner compared to what would be paid under the $1.13 rate. With this cut, the total tax rate reduction since FY 2002 is 20 cents or approximately $1,531 in annual savings for residential taxpayers. However, it should be noted that if the Board of Supervisors accepts the recommendation of the Affordable Housing Preservation Action Committee to dedicate the value of one penny on the real estate tax rate to preserve affordable housing, the rate will be $1.04 per $100 assessed value.

Personal Property Tax

No increase is proposed in the Personal Property Tax rate, which remains at $4.57 per $100 assessed value.

Refuse Collection Fee Increase
Residents within Sanitary Refuse Collection Districts who receive County refuse collection service are charged an annual service fee through the semiannual property tax bill for regular trash pick-up and recycling. These districts are created by the Board of Supervisors upon citizen petition. From FY 2000 through FY 2004, the annual fee was maintained at $210 per unit in order to draw down the unreserved fund balance. Over the past few years, this balance has been reduced. In fact, during FY 2004, more fund balance was used than projected due to the substantial clean-up services required as a result of Hurricane Isabel. Due to increasing disposal fees, rising personnel costs and low fund balance, it is necessary to increase the annual fee from $240 per unit in FY 2005 to $270 in FY 2006 for approximately 40,000 customers who receive this service.

-more-

E-911 Fee Increase

Fund 120, E-911, includes funding for the Department of Public Safety Communications as well as various public safety information technology projects. This involves the emergency dispatch of police fire and rescue units; emergency medical dispatch (EMD), a medical intervention program that provides emergency medical instructions by phone until emergency services personnel arrive on the scene; critical incident management services to County agencies; response to all commercial and residential alarm calls; and non-emergency services such as responding to the non-emergency phone line, reporting tow-ins and providing teletype operations. These services are supported by an E-911 fee levied per line per month. Current authorizing legislation allows for recovery of costs associated with the E-911 system's capital equipment, installation, maintenance and system upgrades, as well as salaries of call-takers and dispatchers that are directly attributable to the program.

The E-911 fee is proposed to increase to the State maximum charge of $3.00 per line per month from the current $2.50 rate. This change would be effective September 1, 2005 based on notification requirements and in combination with the trend of declining number of eligible phone lines, would result in FY 2006 revenue of $19.9 million, an increase of $3.0 million over the FY 2005 level. However, it should be noted that even with this increase, the General Fund Transfer will also be required to increase from $9.8 million in FY 2005 to $13.5 million in FY 2006 in order to support necessary program costs.

Sewer Fees Increase

The FY 2006 Sewer Service Charge and Availability Fee are based on increased costs associated with capital project construction, system operation and maintenance, debt service, and upgrades to reduce nitrogen discharge from wastewater in order to meet more stringent environmental regulations. In FY 2006, the Availability Fee charged to new customers for initial access to the system will increase from $5,621 in FY 2005 to $5,874 for single-family homes based on current projections of capital requirements and is consistent with the analysis included in the Forecasted Financial Statement for July 1, 2004 through June 30, 2009.

The Sewer Service Charge is billed to all existing customers and is used to fully recover operating and maintenance costs, debt service payments, and capital project funding primarily attributable to improving wastewater treatment effluent standards as mandated by state and federal agencies. The Sewer Service Charge will increase from $3.20 to $3.28 per 1,000 gallons of water consumption in FY 2006. Based on this rate increase, the additional annual cost to the typical household is anticipated to be $6.08.

-more-

FINANCIAL FORECAST

Looking ahead to future fiscal years, the financial forecast for FY 2007 and FY 2008 maintains the FY 2006 Advertised Budget Plan Real Estate Tax rate of $1.03 and limits increases in County expenditures and the transfer to the Schools to the revenue growth rate anticipated in each year. This forecast projects County total revenue growth of 7.43 percent in FY 2007 and 6.82 percent in FY 2008. These rates of growth are due to projected moderating increases in real estate property values and decelerating growth in other revenue categories.

This current forecast shows surpluses of $11.8 million in FY 2007 and $16.4 million in FY 2008, which are primarily due to one-time funding of $15.0 million in FY 2006 for the Public Safety Transportation and Operations Center that is not included in the forecast years. The projected surpluses in FY 2007 and FY 2008 may be available for the Board of Supervisors' consideration of funding for additional service requirements or providing additional real estate tax relief. Details of the FY 2007 Forecast can be found in the Financial Forecast section of the Overview Volume of the FY 2006 Advertised Budget Plan.

PUBLIC HEARINGS

Public hearings on the **FY 2006 Advertised Budget Plan** will be held in the Board Auditorium of the Fairfax County Government Center on April 4, 5 and 6, 2005. The public hearings will begin at 7:00 p.m. To sign up as a speaker, the public should call the Clerk to the Board of Supervisors at 703-324-3151 (TTY: 703-324-3903). The Board Auditorium is accessible to persons with disabilities.

ADDITIONAL INFORMATION

For further information on the **FY 2006 Advertised Budget Plan**, contact the Department of Management and Budget at 703-324-2391 or access the budget on the Internet at (http://www.fairfaxcounty.gov/dmb). The entire budget is also available on CD-ROM.

In addition, reference copies of the **FY 2006 Advertised Budget Plan** are available at all County libraries and a limited number of copies are also available at the Publications Desk on the first floor of the Fairfax County Government Center. The public is encouraged to call in advance to confirm availability of the printed budget. The telephone number is 703-324-2974.

A reference copy will also be available in the Office of the Clerk to the Board of Supervisors.

# # #